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NEWSPAPER

Coffee, tea service stimulate sales

Focus section follows page 22

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BK franchisees snub spin-off

Dissenters peril Pillsbury plans

By Peter J. Romeo

MINNEAPOLIS — Pillsbury's bombshell proposal to spin off Burger King has driven a wedge between Pillsbury executives and Burger King franchisees at a time when the conglomerate needs a united front.

The licensees' opposition to converting Burger King into a separate, highly leveraged company, coupled with many shareholders' acceptance of Grand Met's offer, was undermining Pillsbury's drive to remain independent.

"We don't trust them anymore," asserted Florida licensee Manny Garcia, noting that Pillsbury had previously insisted that it would not divest Burger King.

"It's obvious that Pillsbury's executives are doing what's best for them, not what's best for the Burger King system," snapped Brady Keys, a franchisee based in Detroit.

Compounding matters, the proposal to divest Burger King has jeopardized what appears to be Pillsbury's most potent remaining anti-takeover defense, a "poison pill" stock dilution plan that Grand Met is challenging in court.

Grand Met said it would not buy the three-fourths of Pillsbury's common shares that have already been tendered unless the measure is nullified. The poison pill would

*(See **PILLSBURY,** page 106)*

FOOD WATCH

TALKIN' TURKEY

Restaurateurs tailor menus with Thanksgiving specials

By Joe Edwards

Restaurants around the nation are featuring special dinners for the Thanksgiving holiday, and while turkey is on the menu at most places, holiday offerings certainly aren't limited to the popular bird.

At the Grand Hyatt in Washington, D.C., choices include roast turkey with corn bread stuffing and baked Virginia ham with currant and apricot chutney and a variety of side dishes and desserts priced at $19.50 for adults and $9.75 for children.

In Chicago the Village Restaurant in the Italian Village is serving a $10.75 Thanksgiving dinner that includes soup, salad, roast turkey with chestnut and liver stuffing, baked sweet potato, cranberries, pumpkin pie, and coffee.

Fiasco in New York is offering a three-course holiday din-

*(See **HOLIDAY,** page 106)*

Furrs sells just the trimmings in new twist on old tradition

By Tracey Taylor Woodard

LUBBOCK, Texas — Furrs Cafeterias have put a new twist on an old cafeteria tradition with the introduction of a new "everything-but-the-turkey" Thanksgiving take-out package.

"Preparing the turkey is part of the Thanksgiving fun," said Rich Lahvic, marketing director for Furr's/Bishop's Cafeterias, L.P. "All of the other things, though, are Thanksgiving drudgery. We have the solution for that."

The Furrs meal, which feeds 10 to 14 people, includes sage dressing, giblet gravy, sweet potatoes, green beans, two salads, rolls, mashed potatoes, hot spiced apple cider, cranberry sauce, one pumpkin pie, and one pecan pie.

It is priced at $29.95 and

*(See **TRIMMINGS,** page 106)*

Rieses buy stake in H&H

Attracted to NY real-estate holdings

By Rajan Chaudhry

NEW YORK — Restaurant and real-estate barons Murray and Irving Riese have moved to tighten their grip on the Big Apple by quietly accumulating a 7-percent stake in the beleaguered Horn & Hardart Co.

The Rieses — who operate more than 350 restaurants — along with two partners, bought 1 million shares of stock of Horn & Hardart, a Las Vegas, Nev.-based restaurant and mail-order concern with considerable holdings here. The cost, including commissions, exceeding $8.5 million. The group spread its purchases over a five-month period so that they would not drive up stock prices, Murray Riese said.

In a statement filed with the Securities and Exchange Commission, the group, Automatic Partners, said that, depending on management's progress in enhancing shareholder value, it may seek control of Horn &

*(See **RIESES,** page 106)*

NRN Photo

Jim Errant shows off his America's Kitchen restaurant in the new Bloomingdale's center.

Chicago maestros vie in new mall

By Carolyn Walkup

CHICAGO — Four top local independent restaurant operators who compete for business elsewhere around town are now butting heads under the same roof.

The operators wanted to be in the city's hottest shopping mall, The Avenue Atrium, anchored by Bloomingdale's on North Michigan Avenue, which just opened to much fanfare. They are Richard Melman of Lettuce Entertain You Enterprises, Larry and Mark Levy of the Levy Restaurants, Jim Errant of Errant Enterprises, and Tom DuBois of Harry's Cafe.

"With this building, the geographic center of gravity has come back to North Michigan Avenue," said Larry Levy, whose company operates most of the restaurants in Chicago's other high-rise shopping mall on North Michigan Avenue, Water Tower Place.

So badly did Levy long to have a restaurant in this development that he accepted the last available location after his three

*(See **CHICAGO,** page 4)*

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NEWS DIGEST

Grand Met says LBO bid won't deter Pillsbury buyout

LONDON — Grand Metropolitan assured investors that it would not abandon plans to take over Pillsbury even if Drexel Burnham Lambert, one of Pillsbury's five investment counselors, does indeed mount a hostile attempt to acquire Grand Met.

"I find it very hard to see it as other than a ploy or tactic to see if they can scare us off," Ian Martin, head of Grand Met's North American operations, said of unconfirmed reports that Drexel is about to launch a takeover attempt.

Martin said that Grand Met regards a purchase attempt as a real possibility, but he noted that the company would not adopt a "defensive crouch" in anticipation of a bid.

Pillsbury has said that it might attempt to buy a controlling interest in Grand Met as a way of fending off a takeover attempt. The company has also proposed a spin-off of Burger King as a means of dodging the acquisition.

Ogden joins Spectrum vet to open American restaurant

SAN FRANCISCO — Chef Bradley Ogden of Campton Place restaurant here and former Spectrum Foods executive Michael Dellar are planning to open a Marin County restaurant offering "country American" fare at moderate prices.

Ogden indicated that he would probably leave Campton Place, one of the nation's most-praised dining spots, in February.

Ogden, Dellar, and some limited partners have agreed to buy the Lark Creek Inn in Larkspur from Victor and Roland Gotti, who also own the famous Ernie's restaurant in San Francisco, Ogden said. If the transaction clears escrow in January, as expected, the restaurant could be remodeled and open for business by April, he added.

Palmer opens long-awaited solo restaurant in NY

NEW YORK — Charles Palmer, one of the city's most renowned young American chefs, has opened his long-awaited solo venture, a French restaurant here called Aureole.

The place, which is currently open only for dinner, is on the East Side of Manhattan, on 61st Street. Palmer rose to fame while he was manning the kitchen at River Cafe, a popular restaurant in Brooklyn.

Judge orders Two Pesos to revamp all its units

HOUSTON — A U.S. district judge here has ruled that Two Pesos must alter the appearance of its 30 units to avoid confusion with archrival Taco Cabana.

Judge John V. Singleton Jr. left it to the two Mexican fast-food chains to work out solutions and said he will rule on their proposals by Dec. 1.

Taco Cabana recently won a judgment of more than $1 million against Two Pesos in a "copycat" lawsuit charging Two Pesos with trademark infringement. Taco Cabana claimed in the suit that much of Two Pesos equipment was the same shape and size and in the same place as its own and that Two Pesos' recipes were exact duplicates of Taco Cabana's.

Levenson weighs LBO of Furr's-Bishop's

LUBBOCK, Texas — Michael Levenson, chairman of Furr's-Bishop's Cafeterias L.P., said he might attempt to acquire the cafeteria operator through a leveraged buyout.

Furr's-Bishop's was among the spate of food-service companies that converted to limited partnerships for tax privileges in recent years. It is believed to be the first to seek to reverse the process.

About one week before Levenson indicated that he was weighing a buyout, Furr's disclosed it was exploring recapitalization options, including the conversion to a corporation or publicly held company.

Copeland courting Church's licensees in takeover attempt

By Karen Bruno

SAN ANTONIO, Texas — A. Copeland Enterprises escalated its attempt to take over Church's Fried Chicken by boldly setting up camp to lure dissident licensees to its side during Church's annual operators convention here.

Visibly perturbed by the move, Church's officials vowed to fend off advances by Copeland, the parent of rival Popeyes.

"We've obviously gone to war," said Church's chief executive Ernest Renaud during his opening remarks, prompting enthusiastic applause and cheers.

Meanwhile, at least two Church's shareholder groups have filed separate class-action lawsuits challenging Church's decision to fight the $8-per-share takeover bid.

Church's board has urged shareholders not to tender shares under Copeland's offer — worth about $285 million — and has instituted a "poison pill" shareholder rights plan to block it.

Charging that Church's board has not acted in the best interest of the shareholders, both shareholder suits aim to force negotiations with prospective buyers and are seeking unspecified damages.

Notably absent from the convention, which was attended by about 400 franchisees and company store operators, was J. David Bamberger, Church's chairman and largest shareholder.

Since Bamberger reassumed the helm of the beleaguered chicken chain in 1983, Church's has attempted several turnaround programs under three different leaders.

TW urges shareholders to rebuff Coniston bid

NEW YORK — TW Services Inc. has beseeched shareholders to reject a limited stock-tender offer from Coniston Partners on the grounds that the unwanted suitor would sell some of TW's food-service holdings if a takeover is consummated.

Coniston has said in government filings that it indeed might sell certain assets to retire debt that would be incurred in the acquisition. TW's operations include Canteen Corp., the Denny's and Quincy's restaurant chains, and more than 400 franchised Hardee's units.

Coniston recently bid $29 per share for a majority of TW's outstanding common stock. The arbitrage concern has not sought to acquire all outstanding shares because such an offer would trigger a "poison pill" defense, greatly raising the cost of a buyout.

Foodmaker suitor extends stock offer until December

SAN DIEGO — With Foodmaker's shareholders having tendered less than half of the food-service company's stock, FM Acquisition Corp. has extended to Dec. 1 its sweetened $19.425-a-share acquisition offer.

Foodmaker operates Jack in the Box and Chi-Chi's.

FM Acquisition said it had purchased about 5.3 million of Foodmaker's 12.9 million total shares outstanding.

NRN seeks 1989 candidates for Fine Dining Hall of Fame

NEW YORK — Nation's Restaurant News has mailed ballots to its 90 Fine Dining Hall of Fame restaurants to choose 10 new Hall of Famers for 1989.

The 10 selected early next year will be featured in NRN's second annual Fine Dining & Food Trends supplement on May 8. They and the previous 90 Hall of Famers will be honored at NRN's annual champagne luncheon during the National Restaurant Association Show.

FOCUS | VIEWPOINT

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The Greenpeace threat to seafood chains

Greenpeace, a Washington, D.C.-based group of worldwide environmental activists, has raised havoc with business and industry on a number of fronts — in many cases effectively and deservedly.

The organization has been unabashedly against nuclear operations that threaten the environment, against toxic wastes being dumped throughout the world's waterways, against baby seals being clubbed to death, and for a clean environment. Not many would argue with these principles.

Greenpeace's members do not just make speeches and denounce sins against the environment. They create stern pressure by issuing boycotts, making threats, and stationing ships in strategic places around the world. The boats monitor environmental violations, sit in harbors on patrol near environmental trouble spots, and shadow waste-disposal vessels that are said to be contaminating the seas.

It has gotten to the point where foreign governments have conspired to sink Greenpeace ships and have succeeded in at least one highly publicized sabotage case.

The latest drive of Greenpeace against "environmental hazards" is a fierce campaign against whaling. The group has led more than 100 demonstrations for a boycott of any seafood purchased from Iceland.

With the worldwide dwindling of whale supplies, a five-year moratorium is in effect through 1989, barring all whaling except for scientific research purposes. The Icelandic government says "only 80 whales" were killed in 1987 for research purposes, and far fewer were killed this year.

But the Greenpeace organization and others feel that Iceland may be carrying out commercial whaling in the guise of research, an assertion Iceland vehemently denies, calling the protests "ignorant."

We have no quarrel with the idea of preserving whales wherever possible. If hundreds of people and ships could be utilized in a massive U.S.-Soviet cooperative enterprise to save two whales trapped under the ice in Alaska's Bering Sea, and if almost the entire world's attention could be riveted on the dramatic rescue feat, whales seemingly enjoy preferred status.

Yet man is very ambivalent about whales and has a true fascination with them, pro and con. Thus Alaskan whales are regarded there as a highly desirable food. The hypocrisy of Greenpeace's whaling boycott against Iceland is that it signaled out Iceland but is doing little, if anything, about the situation in Alaskan waters.

Most regrettably, Greenpeace has threatened Burger King, Wendy's, Captain D's, and Long John Silver's with boycotts unless the chains refuse to purchase the various types of fish — particularly cod — so plentiful in the waters around Iceland. Burger King and Wendy's indicate they primarily utilize other sources, but Greenpeace maintains that they do purchase seafood from Iceland.

The threatened boycotts are doubly unfair because, so far as is known, the major seafood suppliers in the Iceland area do no whaling. Greenpeace is applying severe pressure where it hurts, but the whole process is flawed. Power apparently has gone to its head.

We hope that none of the chains will yield any further to the group's demands, which in this case are irrational. For whatever reasons, Long John Silver's has canceled a contract with an Iceland seafood supplier and will utilize its many other supplier sources.

Greenpeace continues to threaten American chains buying any seafood from Iceland's waters. While we certainly favor preserving the environment and the whales, we think Greenpeace's current tactics are reprehensible and must be staunchly resisted.

LETTERS

NRA, state associations stir awareness, concern

Editor, NRN:

In Ken Rankin's Focus/Viewpoint column of Oct. 3, he discussed "Who's to blame if minimum-wage bill passes." I recognize that he was trying to stimulate thought, but I feel his reference to the National Restaurant Association warrants a response.

First, the minimum-wage bill did not pass, as least as of this writing. As a matter of fact, it didn't even get to a vote in the Senate, and the House wouldn't discuss it. I'd forget the "blame" idea and start passing out a little credit.

The National Restaurant Association wasn't the only game in town on this issue, but it was sure one heck of a player. For three days in September members from all over the country met in the capital to hear about the major issues facing our industry and also to discuss them.

Side by side we discussed fast food, home delivery, coffee shops, fine dining, all segments of the industry. And then one afternoon, again side by side, we went to Capitol Hill and were in and out of dozens of congressional and Senate offices, in most cases meeting with the elected representatives themselves.

I believe there is much more mutual awareness and concern in our industry than ever before, and I believe our state and national associations deserve a lot of credit for the results of this growing cooperation.

There is much yet to be done. There probably always will be. But I sure wouldn't want any doubters to impede the momentum and progress that is taking place.

— Paul J. Mitchell
vice president, public relations
Carl Karcher Enterprises
Anaheim, Calif.

'Distribution doctor' praises purchasing people

Editor, NRN:

Thanks so much to your purchasing columnist, Patt Patterson,. for the opportunity to be interviewed for an article in Nation's Restaurant News. I didn't really realize that an interview could be so enjoyable. I believe the big difference is that you understand the purchasing and distribution aspects of our industry so well, which made it very easy for me to relate the challenges and opportunities that we see here at T.J. Cinnamons.

I also wanted to say thank you for Patterson's excellent job in putting this article together and identifying me as the "distribution" doctor. Patt, sincerely, I enjoyed this visit with you very much and do appreciate the way you put the article together and the time you spent with me.

I think it is also important to mention that I believe you have done a tremendous service to those hundreds and thousands of people in our industry who are known as purchasing (and distribution) people. I have worked in our industry for more than 15 years, and too many times great accomplishments by purchasing people are shrugged off as "it's part of their job," with no real recognition or acknowledgment of any kind.

I believe that through your articles you are making people more and more readers aware of the significant contributions of purchasing people to bottom-line profits and helping them gain a new position in the eyes of top management.

— Jerry L. Snyder
director of purchasing and distribution
T.J. Cinnamons Ltd.

Rosenberg, family, execs: MUFSO a job well done

Editor, NRN:

You and your staff deserve tremendous credit for having conducted an excellent MUFSO meeting from beginning to end. I want you to know that my family, the executives at Dunkin' Donuts, and I were extremely pleased and proud to have been included and to have participated.

Please accept my personal thanks and appreciation to your entire staff.

— William Rosenberg
1988 MUFSO pioneer of the Year
Founder and Chairman Emeritus
Dunkin' Donuts
Boca Raton, Fla.

Editorial creed stands up to the test of logic

Editor, NRN:

Your June 27 editorial on the paper's credo could not have presented a better case for your position. Although not everyone may agree with you, they cannot dispute the logic of your creed and the fact that it has been very well thought through and expressed.

—Max Pine
president
Restaurant Associates Industries
New York

More letters appear on page F17

FOCUS | COFFEE & TEA

MAKING A FLAVORABLE IMPRESSION

Changing coffee and tea habits find promotions, exotic blends, and iced drinks on the rise as determined operators find ways to sell this staple of the American diet

By Bill Carlino

Coffee and tea are the staples of American hot beverages.

Each boasts a fiercely loyal consumer following and a history as rich as their aromatic blends.

According to the National Coffee Association, 50 percent of all Americans drink coffee, while the National Tea Council reports that nine out of 10 homes serve either iced or hot tea at least once a day.

Operators know that the quality of their coffee or tea usually represents either the initial or final opportunity to make a favorable impression on a guest, and often a hotel or restaurant is known solely by the reputation and quality of its coffee or tea.

At the Cleveland-based Heck's Cafe, 95 percent of the customers who flock to the establishment's two locations order its signature cinnamon coffee by the cup or in one-pound bags for home use.

In Chicago Lou Mitchell's, a breakfast and lunch operation whose sign advertises the restaurant as "serving the world's finest coffee," is the recipient of some 36 awards of excellence from the NCA.

Meanwhile, more than 350 hotels across the country have implemented an afternoon tea service that is funneling revenues to food and beverage coffers during the normally dormant 2 p.m.-to-5 p.m. time slot.

"If you can get people in for a good cup of coffee or tea, very often that's your marketing hook," says a New York-based independent restaurateur. "It's a very subdued way to increase your check average dramatically."

Coffee in particular can account for a staggering percentage of an operation's revenues, as it appears on restaurant checks more frequently than any other item.

At the Ohio-based Bob Evans Farms restaurants, regular and decaffeinated fresh-brewed coffee accounts for 7 percent of total daily revenues, while at Winchell's Donut House its premium blended coffee yields 10 percent of sales.

At the 1,700-unit Dunkin' Donuts, sales of its freshly ground coffee account for nearly 25 percent of the gross, and the 4,000-unit Circle K convenience store chain estimates it will brew more than 1 million pounds of coffee in 1988.

A cup that costs an operator five cents is often sold in restaurants for one dollar, and a pound of regular coffee that traditionally serves 50 to 60 cups can be purchased wholesale for as little as two dollars.

To capitalize on this ancient but underappreciated source of revenue, many operations are diving in with creative coffee promotions in an effort to hike check averages.

"Coffee and tea are usually thought of as older people's drinks," explains Jim Verney, vice president of marketing for the 700-unit Winchell's Donut House.

"Today, however, many operations, including ours, are trying to corner the 24-to-45 age group," he continues. "We're trying to convince the baby boomers just how flexible coffee is. It can be consumed any time of the day, not just at seven o'clock in the morning.

"And it can be served either hot or cold."

Last year a Minneapolis franchise of the White Castle hamburger chain served 6-ounce cups of coffee for a nickel to help take the bite out of the frigid Minnesota winter. The result: a tripling of coffee sales.

The New Jersey-based Meadowlands race track advertised "beat the cold night" with one half of an admission ticket redeemable for a free cup of coffee and the other for a free ice scraper.

One thousand units of the National Convenience Stores placed in their windows large signs that read "No Free Coffee Today." However, during five days out of every month the word "no" was removed, and customers received free coffee.

The 200-unit Bob Evans Farms has currently teamed up with the National Football League for a promotion in which customers can purchase coffee mugs with the team logos of four selected teams for $1.

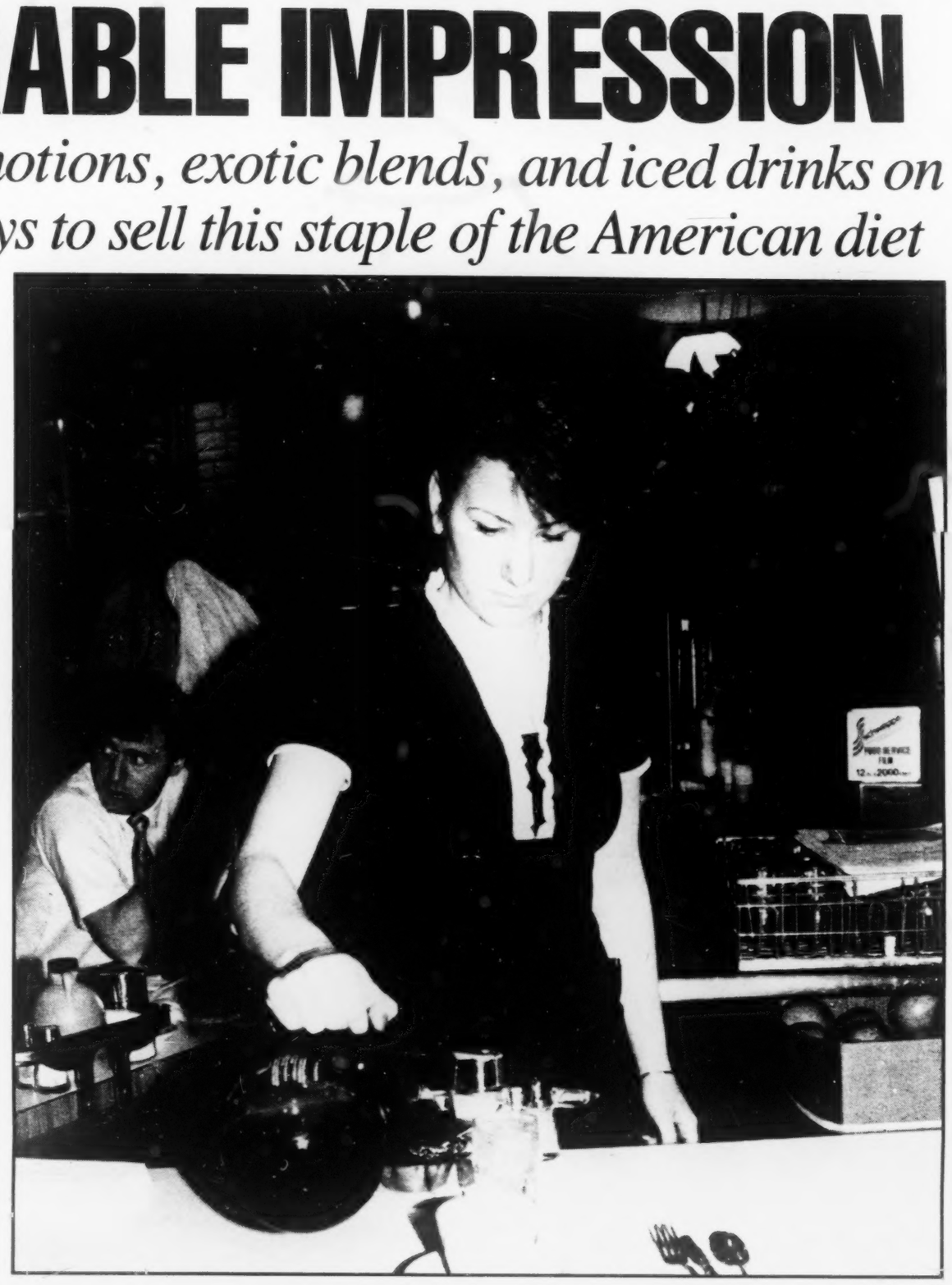
Shoney's is working with its coffee supplier on a sweepstakes in which the 660-unit family restaurant will give away weekend trips in conjunction with scheduled NASCAR races.

While free refills of coffee at restaurants are commonplace, some operators have taken the practice one step farther. The 350-unit Perkins Restaurants experienced such success with its famous "bottomless cup" of coffee that it had the concept trademarked.

"Coffee is such an established part of many restaurant menus that it has evolved beyond advertising and has become a purchasing issue," explains Pat Morris, vice president of marketing for Perkins.

At Perkins, after the first cup of coffee is served, a pot is placed on the table so customers can help themselves to seemingly endless refills.

"The bottomless cup actually helps improve service and profit," Morris says. "Because waitresses can serve the food faster without having to make extra rounds with coffee refills. As a result, we turn the tables over faster."



NRN Photo

A waitress at Lou Mitchell's in Chicago serves a piping hot cup of coffee.

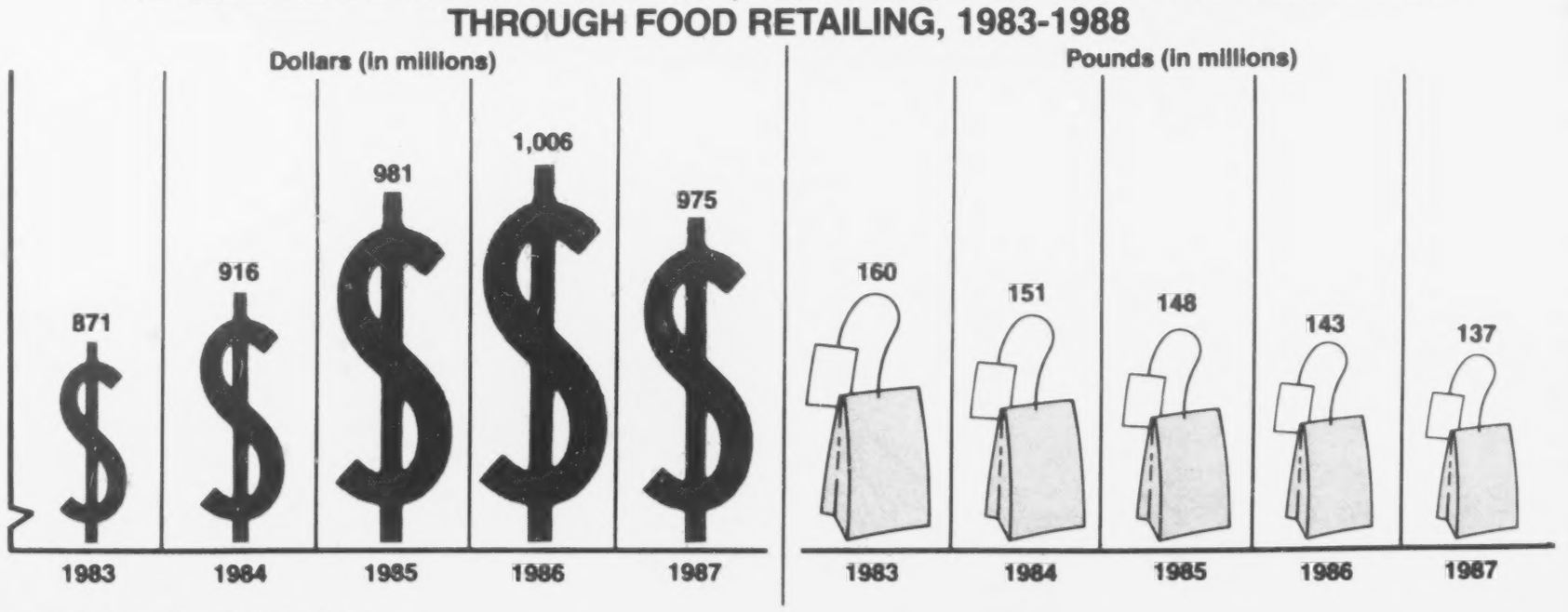
Although the Country Kitchen restaurants do approximately $17 million to $18 million in coffee business per year, the 251-unit operation does no advertising or promotion for its coffee.

"We don't promote coffee," observes Allan Post, Country Kitchen vice president of marketing. "We promote entrées and skillet breakfasts. Coffee is just a natural complement to that, and it sells itself naturally."

The Country Kitchen refill

*(See **COFFEE, TEA**, page F10)*

CONSUMER SALES OF LOOSE TEA, TEA BAGS, ICED TEA AND INSTANT TEA THROUGH FOOD RETAILING, 1983-1988



Source: Tea Association of the United States

FOCUS COFFEE & TEA

Coffee, tea stimulate sales

(Continued from page F9)

philosophy is different from Perkins' bottomless cup in that it focuses on personal service, rather than on self-service.

"We refrain from putting pots down on the table," Post says. "It eliminates much-needed customer contact and gives the server a reason not to check back at the table."

Although Dunkin' Donuts runs commercials throughout national markets for its doughnuts, like many operations, it does not advertise coffee despite its sizable contribution to total sales.

"Ironically, we're better known for our coffee than our doughnuts," notes Sid Feltenstein, marketing vice president for Dunkin' Donuts. "And that has come about through strictly word-of- mouth advertising."

Feltenstein credits the success of coffee sales at Dunkin' Donuts to the company's "always fresh" credo. Each unit fresh-grinds its custom-blended beans separately for each pot. Customers can also purchase the coffee in one-pound bags to take home.

"The coffee must be made fresh every 18 minutes," Feltenstein continues. "So, in theory, a Dunkin' Donuts customer is always served a fresh cup."

Although besieged by customer requests, the 1,100-unit Denny's does not offer its proprietary blended coffee for sales in pound bags despite the fact that 90 percent of the clientele order coffee.

"We're currently discussing the prospect of selling Denny's coffee for home use," muses Gayle DeBrosse, Denny's director of research and development. "We've also considered retailing our coffee mugs as well."

Denny's recently switched from a 6-ounce cup to a 7-ounce mug with the company logo emblazoned on the side.

The appealing doughnut-coffee pairing has spawned several "twinning programs'" between doughnut houses and convenience stores.

In Los Angeles, San Diego, and Kansas City, Mo., Winchell's has begun a "first doughnut" program with approximately 600 7-eleven stores where fresh doughnuts are supplied seven days a week.

Circle K has entered a merchandising agreement with selected Dunkin' Donuts outlets for a twice-a-day delivery.

"The doughnuts complement our coffee program perfectly," explains Ed Doyle, director of beverage programs for Circle K. "We offer 8-ounce, 12- ounce, 16-ounce, and 20-ounce cups for the self-service station, and now that we have doughnuts, that hikes sales even more."

For contract feeders the amount of coffee used is usually contingent on the venue of the food service.

"Coffee plays a relatively minor role in schools and colleges, because the majority of people usually do not develop a taste for coffee until their 20s," comments Alan Maxwell, vice president of Daka Foodservice Corp., which purchases almost 700,000 pounds of coffee a year.

"However, in health-care and nursing homes, coffee is a staple during meal service and not just afterward," Maxwell adds. "So coffee consumption is much higher with that type of contract."

Another coffee variety that has made an indelible imprint on the market is the specialty blend or gourmet coffee.

Espresso and cappuccino are slowly replacing the after-dinner drink, and foreign blends from exotic locations like Zimbabwe, Guatemala, or Kenya are flooding both restaurants and retail markets.

Although a pound of an imported blend can cost as much a nine dollars, some retail coffee operations sell as much as 1,000 pounds to 1,500 pounds a week to discriminating customers.

Industry estimates claim that sales of gourmet coffee have enjoyed an increase of 30 percent a year since 1987, with flavored and decaffeinated segments accounting for nearly half of that figure.

"Specialty coffees have really been the star of the industry lately," says Stephen Gregg of the Coffee Development Group. As a subsidiary of the London-based International Coffee Organization, the group institutes generic programs to promote and increase coffee consumption in the United States.

"While over the last 25 years we've seen a decrease in coffee consumption, the specialty coffees have really found a market niche in the America," Gregg notes.

At the 360-room Omni Royal Orleans hotel in New Orleans, lounge sales of six selected specialty coffees selling anywhere from $4.50 to $6.50 have nearly doubled during the past year.

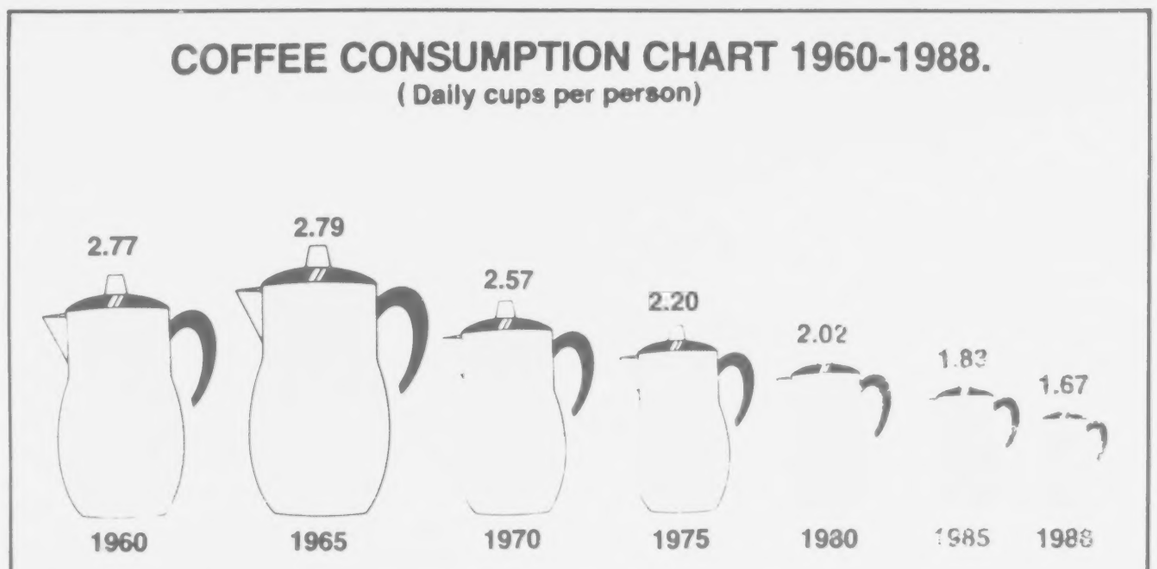
The Omni Royal Orleans house specialty, a concoction called "Brazilian Coffee," contains a shot of Tia Maria, a spoon of brown sugar, and a whipped-cream topping. Other offerings are flamed at the table.

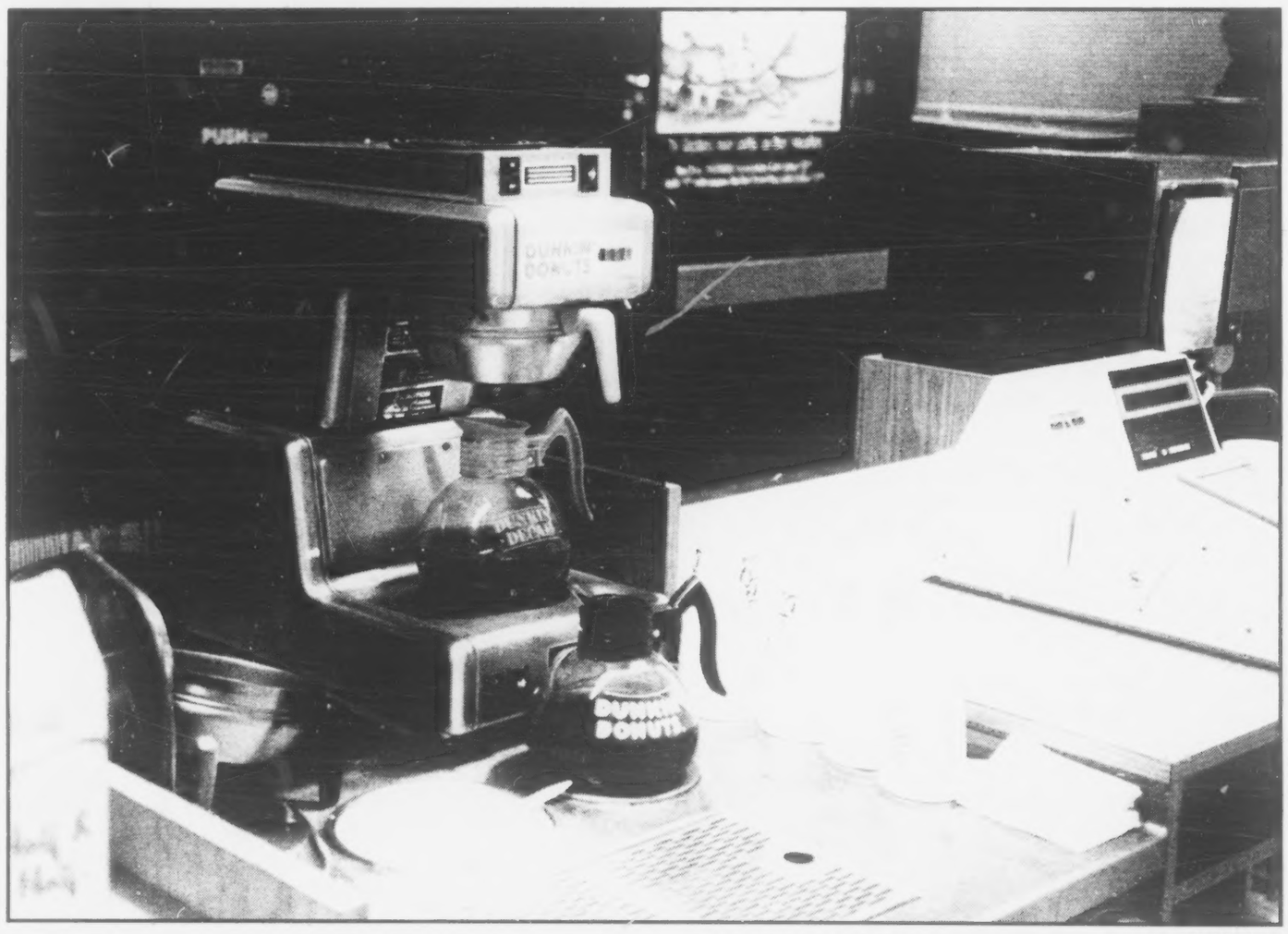
An accurate barometer of the growth of the specialty coffee segment is the estimated 10,000 specialty coffee retail stores in the United States.

"Coffee preference is primarily up to an individual's taste," says Russell Evelly, co-owner of the Coffee Grinder, a New York-based retail coffee shop. "You have to experiment until you find the perfect blend, if there is such a thing."

However, because people are concerned about the health aspects of caffeine, regular coffee consumption

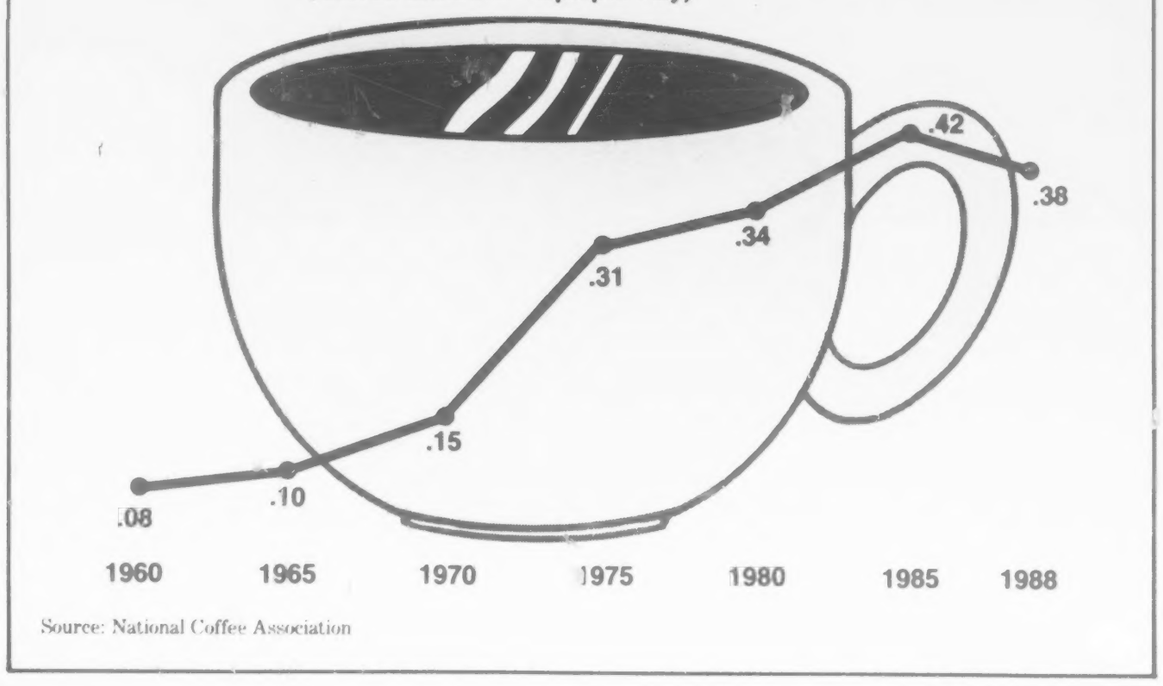
*(See **COFFEE, TEA**, page F12)*





NRN Photo

A coffee station at Dunkin' Donuts at a Hartsdale, N.Y., unit.



Feltenstein credits the success of coffee sales at Dunkin' Donuts to the company's 'always fresh' credo. Each unit fresh-grinds its custom-blended beans separately for each pot. Customers can also purchase the coffee in one-pound bags to take home.

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Coffee, tea stimulate sales

(Continued from page F10)

has declined nearly 25 percent since 1962. In fact, coffee is now running second to soft drinks, which are consumed by 55 percent of the population.

While regular coffee sales have dipped, sales of decaffeinated coffee have risen so that it is a formidable part of the overall coffee segment. Today decaffeinated coffee accounts for nearly 16 percent of the coffee drinking public compared with just 4 percent in 1962.

"We have implemented a fresh-brewed program for our decaffeinated coffee as well," says Roger Williams, vice president of marketing for Bob Evans Farms. "Decaffeinated accounts for nearly 10 percent of our total coffee sales.

Dunkin' Donuts instituted a fresh-brewed decaffeinated blend two years ago, as did Minneapolis-based Country Kitchens. Circle K is currently conducting a 40-store testing program of brewed decaffeinated coffee in Tampa, Fla.

While coffee traditionally has its own market niche in any restaurant or food-service operation, tea sales in the United States have quietly become a $1 billion industry. Once the mainstay of the upper class in Europe, particularly in England, tea has labored to shed its prima-donna connotation. Today the product is experiencing a renaissance of sorts, having captured the palates of the American business people.

More than 350 hotels throughout the country currently offer an afternoon executive tea service.

With increasing frequency, executives are seeking alternatives to circumvent the cocktail hour and are conducting business meetings over an Americanized version of the ritualistic 4 p.m. English high tea.

"Hotels in particular saw the profitability of tea time during the late- afternoon time slot," explains a vice president of marketing for a major tea supplier. "Before the tea service employees were usually just standing around folding napkins during that time."

Traditionally set in a relaxed atmosphere, a hotel tea service is often accompanied by finger sandwiches, scones, and pastries, while upscale teas like Djareeling, Earl Grey, and oolong are prominently displayed in a carved wooden chest.

At Atlanta's posh Four Seasons Buckhead hotel, the upscale Cafe Bar has offered executive tea service since the hotel opened five years ago.

Seven days a week, 365 days a year, customers have a choice between a $10.75-per-person "full tea" package, complete with a teapot, a choice of four sandwiches, scones, and miniature fruit tarts served on Wedgewood China, or the "light tea," an abbreviated version of the full tea for $7.

According to the Four Seasons food and beverage manager, the executive tea averages approximately 30 covers a day.

One of the pioneer hotels to institute executive tea was the New York-based Helmsley Palace. The four-star establishment implemented afternoon tea eight years ago and averages anywhere from 80 to 150 covers on a daily basis. For $18.50 a head, each customer receives his or her choice of tea, five varieties of finger sandwiches, scones, and miniature pastries. A harpist provides a soothing instrumental background.

One of the hotels to leap on the executive tea bandwagon in recent months is the 106-year-old Cincinnatian Hotel. Featuring a three-course executive tea offering the standard finger sandwiches, scones, and miniature pastries, the Cincinnatian tea service is priced at a modest $9.95 — approximately $3 below the national average.

According to Jerome Gerrese, Cincinnatian director of food and beverage, the early results have far exceeded initial expectations.

"Even though we've had the tea service for a short while, the success has been phenomenal," he says. "We've had to expand the tea service to Saturday because of the demand."

Gerrese says that once a month the Cincinnatian promotes a "literary tea," in which prominent local writers and poets are guests and read from their works.

To generate future tea service clientele, Gerrese says, the hotel runs ads in the business and living sections of the Cincinnati papers.

While the executive tea appears to have renewed life, the sales of ice tea have evolved beyond the hot-weather stereotype and now represent 80 percent of all retail tea volume.

"Iced tea outsells hot tea in our restaurants by a margin of two to one," notes Williams of Bob Evans Farms. "While most places offer the free refills with coffee and hot tea, we do it with iced tea, too."

Perkins Restaurants expanded its trademarked bottomless cup to include tea as well, while the ice-tea sales for the Sunbelt-based Circle K outdistance those for hot tea by a 4-to-1 margin.

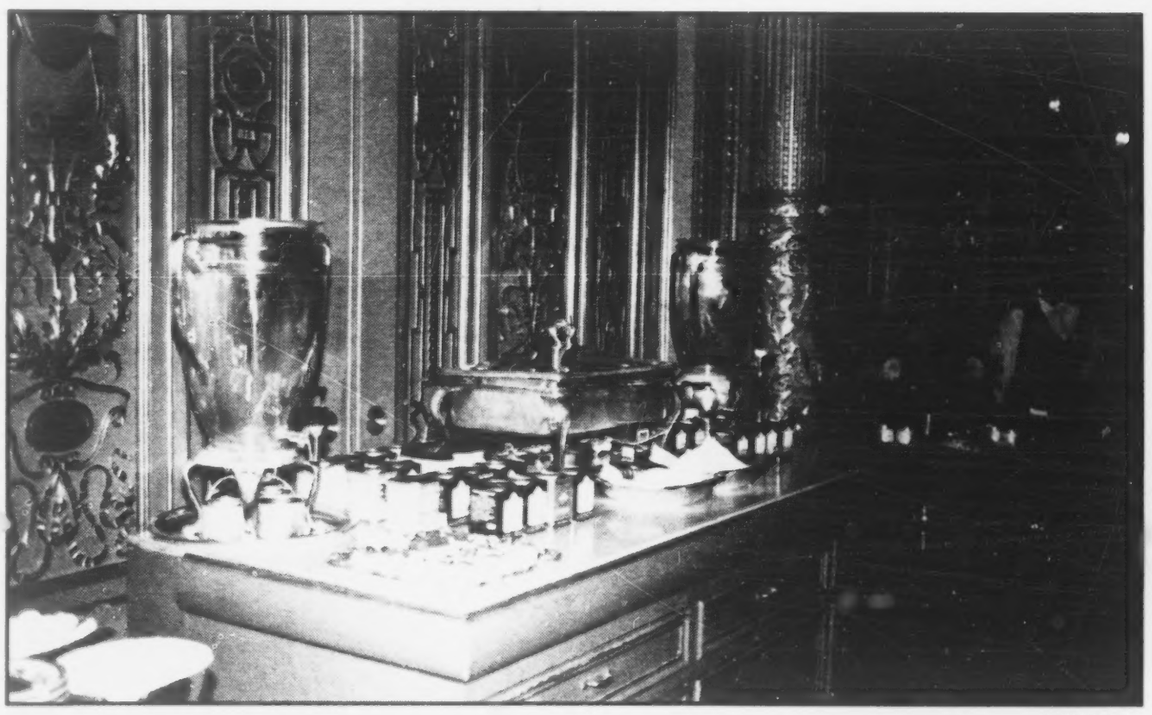
Don Wiederecht, executive director of the National Tea Council, says that the increase in overall tea consumption is not due to an influx of people who have switched from coffee.

In 75 percent of the American market, coffee is not a competitor of tea," he explains. "Tea's increasing market competition comes from bottled waters, soda, and even wine coolers."

Wiederecht reports that away-from home tea consumption has increased more than 15 percent since 1980:

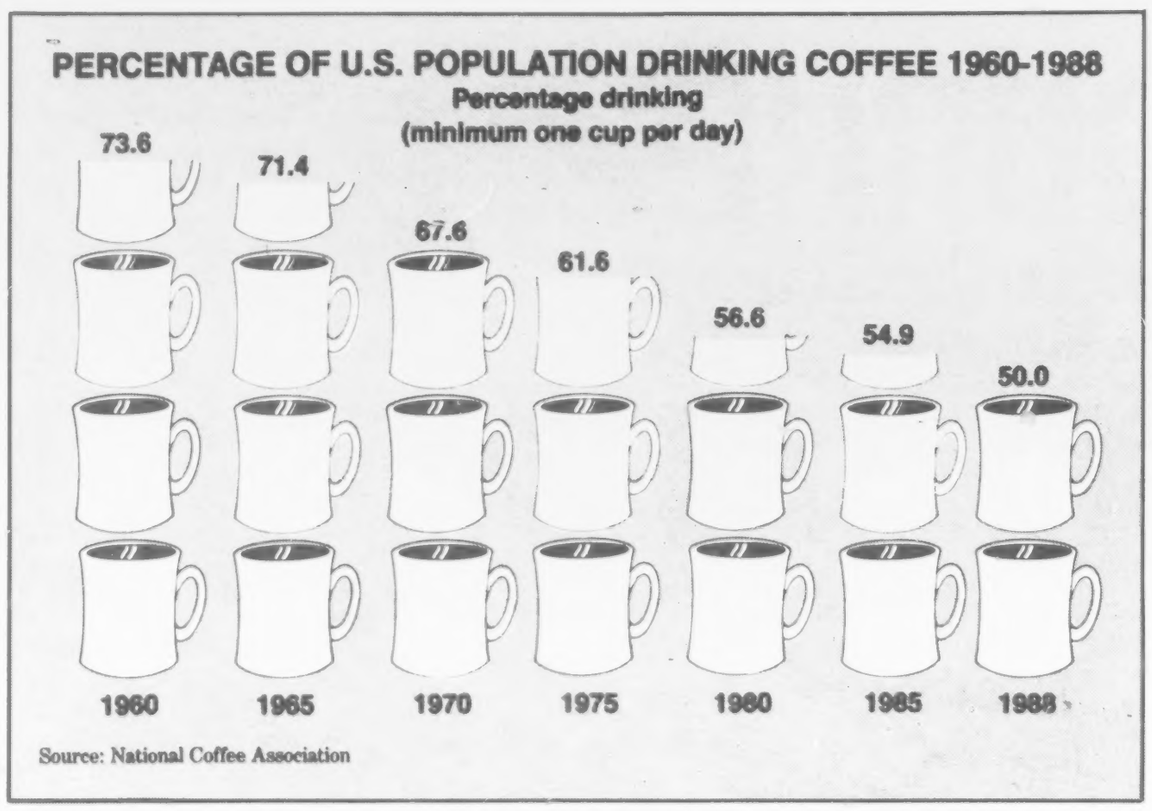
"Americans have slowly shifted away from the piping-hot cups of hot tea and coffee. With a wave of commercials for Pepsi and Coca-Cola, consumers just seem to be adding ice to everything. That's why ice tea has made such an impact in recent years."

The coffee urn is a central part of the Circle K lunch counter.



NRN Photo

Side view of a tea station at a Helmsley Palace Tea Service in N.Y.



Source: National Coffee Association

'We're trying to convince the baby boomers just how flexible coffee is. It can be consumed any time of the day, not just at seven o'clock in the morning. And it can be served either hot or cold,' said Verney.